

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

C O N F I D E N T I A L STATE 027889

LIMDIS

E.O. 11652:N/A

TAGS: ETRD, BR

SUBJECT: COUNTERVAILING DUTY INVESTIGATIONS

REF: BRASILIA 890

1. FOLLOWING IS TEXT OF JANUARY 28 LETTER FROM FINANCE
MINISTER SIMONSEN TO TREASURY SECRETARY SIMON. BEGIN TEXT.

DEAR BILL,

I HAVE BEEN INFORMED THAT THE BRAZILIAN GOVERNMENT WILL
SOON BE REQUESTED BY THE U.S. TREASURY DEPARTMENT TO
PROVIDE UPDATED INFORMATION ON THE ACTUAL USE OF INCENTIVES
BY THE FOOTWEAR INDUSTRY, AND THAT THE TREASURY WOULD
CONSIDER APPLICATION OF A SINGLE RATE FOR FOOTWEAR WITH A
SUSPENSION OF LIQUIDATION SYSTEM SIMILAR TO THAT USED IN
THE HANDBAGS CASE.

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AN ACTION OF THE UNITED STATES GOVERNMENT TO REVIEW THE COUNTERVAILING DUTIES ON FOOTWEAR WOULD CAUSE A SERIOUS TROUBLE TO THE INDUSTRY OF THIS ARTICLE IN BRAZIL, DUE TO THE UNCERTAINTY THAT SUCH ACTION WOULD CREATE IN THE MARKET PLACE.

MOREOVER, THE PROCEDURE ADOPTED IN THE HANDBAGS CASE RAISES A DIFFICULT PROBLEM TO THE FIRMS IN THE LOWER INCENTIVE LEVELS AS SUSPENSION OF LIQUIDATION WOULD NOT BE A PRACTICAL METHOD FOR SUCH FIRMS.

SINCE THE UNITED STATES INTERNATIONAL TRADE COMMISSION IS IN THE PROCESS OF INVESTIGATING A PETITION FOR IMPORT RELIEF OF SHOES, BASED ON SECTION 201 OF THE TRADE ACT, AND MUST REPORT TO THE PRESIDENT OF THE UNITED STATES ON THIS INVESTIGATION BY FEBRUARY 20, 1976, I WOULD HIGHLY APPRECIATE IF YOU WOULD CONSIDER THE POSSIBILITY THAT NO FURTHER ACTION BE TAKEN BY YOUR DEPARTMENT FOR THE PURPOSE OF REVIEWING THE FOOTWEAR RATES.

IN LINE WITH THE COOPERATIVE EFFORTS BETWEEN OUR GOVERNMENTS I SHOULD BRING TO YOUR ATTENTION THAT ALL THOSE RESTRICTIVE MEASURES, ALREADY EFFECTIVE OR POTENTIAL, ARE BUILDING AN UNFAVORABLE OPINION IN THIS COUNTRY OF THE U.S. POLICY, AND THAT THERE ARE PRESSURES FOR THE BRAZILIAN GOVERNMENT TO APPLY TRADE SANCTIONS PROVIDED BY EXISTING LEGISLATION, AGAINST ANY COUNTRY THAT BURDENS OR RESTRICTS BRAZILIAN EXPORTS.

I HOPE THAT THROUGH CONTINUING COOPERATION THOSE PROBLEMS CAN BE AVOIDED. THANK YOU AGAIN FOR YOUR CONSIDERATION.

WITH WARMS REGARDS,

.....SINCERELY YOURS,

..... MARIO HENRIQUE SIMONSEN

END TEXT.

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ENGLISH TEXT WAS SUPPLIED BY BRAZILIAN EMBASSY. RESPONSE FROM SIMON WILL FOLLOW QUICKLY. INGERSOLL

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NNN

Message Attributes

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